# ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED

## Sustainability Report

## 2022



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# Board Statement

Dear Stakeholders,

The Board of Directors is pleased to present the fifth annual Sustainability Report for Asia-Pacific Strategic Investments Limited ("**APS**", and together with its subsidiaries, the "**Group**"). This Report provides a broad overview of our environmental, social and governance ("**ESG**") performance over the financial year ended 30 June 2022 ("**FY2022**"), underscoring our continuous commitment to creating long-term value for our stakeholders.

The COVID-19 pandemic has continued to plague the world over the past year, presenting many challenges for businesses and local communities alike. To deter the spread of COVID-19, the People's Republic of China ("**PRC**") government has continued stringent travel restrictions and safe distancing measures, which resulted in operational repercussions for the hospitality and real estate industries. The disruption caused by the COVID-19 pandemic has showed us the importance of building a business that is resilient and adaptable to change.

At APS, we are constantly exploring new opportunities to deliver sustainable, inclusive growth for our stakeholders. The Board is committed to aligning the Group's sustainability objectives with APS' strategic direction and providing oversight of all ESG-related matters. Having experienced uncertainties in the last three COVID-19 years , it is critical that we focus on measures to build our organisational resilience and manage ESG-related risks and opportunities that are encountered by the Group. The Board is committed to continuously improve upon our sustainability reporting, to better address our stakeholders' interests, and thereby enhance our accountability and transparency.

The Board would like to hereby express our gratitude and sincere appreciation to our shareholders, employees, customers, and business partners for your unwavering support over the years. In the years ahead, we will stay focused on mitigating the adverse impact the pandemic has on our business operations through prudent cost management and staying alert towards the risks and opportunities presented to the Group.

Sincerely,

Board of Directors

Asia-Pacific Strategic Investments Limited

# About This Report

This report has been prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards – Core Option, chosen as it is a globally recognised standard for sustainability reporting, and its reporting principles are as follows:

| GRI Reporting Principles | |
|---|---|
| Materiality | Focusing on the ESG-related issues that impact business growth and are of utmost importance to stakeholders |
| Stakeholder Inclusiveness | Proactively responding to stakeholders' expectations and interests |
| Sustainability Context | Presenting the Group's performance in the wider context of sustainability |
| Completeness | Including information that is of significant ESG impact to allow stakeholders to accurately assess APS' performance |

This report has also been prepared in compliance with Rules 711A and 711B of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), with reference to Practice Note 7.6 Sustainability Reporting Guide.

Information in this report covers our financial year from 1 July 2021 to 30 June 2022 ("**FY2022**"), and relevant historical performance data has been included. We have relied on internal verification by the management and the Board to ensure the accuracy of the data and information provided within the report. APS has not sought external independent assurance for this report but will consider doing so for future reports.

We are fully committed towards engaging our stakeholders and improving upon our sustainability reporting practices. We welcome any queries, comments, and suggestions on our sustainability report and related initiatives at contact@asiastrategic.com.sg.

In line with our commitment to environmental sustainability, physical copies of this report will not be printed. The electronic edition of this report is available at: http://investor.asiastrategic.com.sg/sr.html and SGX-ST website: www.sgx.com.

# Corporate Profile

## About APS

APS is a real estate developer focusing on the hospitality sector and retirement villages, which cater to the aspirations and needs of the growing elderly population in China and Southeast Asia.

The Group's project in Huzhou, Project Phoenix (凤凰洲项目), marked our first foray into China after we gained majority control of two property companies in Huzhou, Zhejiang province in 2017. Central to our development plan is an integrated residential-cum-active ageing hub supported by healthcare-related, commercial, educational and family entertainment facilities that promote overall well-being and life-long learning.

Digang Town (荻港村), where the project is situated, has a rich and unique cultural legacy with historical landmarks such as the famous mulberry dike fishpond (桑基鱼塘). We will therefore position Project Phoenix to not only promote the rich cultural heritage of the ancient city of Huzhou, but also to leverage on its farming and ecological background to develop a modern aquacultural industry in the area.

APS also owns and operates a luxury riverside boutique hotel strategically located adjacent to Project Phoenix. Managed by Zhejiang Tourism Investment Hotel Group (浙江浙旅投酒店集团有限公司, "**ZTIHG**"), Anatole by Landison Hotel Huzhou (湖州雷迪森怿曼酒店, "**Landison Hotel**") is well connected to ZTIHG's wide network of 157 hotels in 14 Chinese provinces under brands such as Landison and Deefly.

In October 2021, the Landison Hotel officially joined the Food & Beverage Association of Huzhou. This opens doors for us to participate in exhibitions, trainings and assessments, and learning trips organised by the association. It also allows us to work towards jointly promoting the development of the F&B industry in Huzhou.

The Group's operations in the PRC have been significantly impacted by the stringent travel restrictions and safe distancing measurements imposed by the local government to battle the spread of the coronavirus. Our hotel operations were temporarily suspended for approximately two months in March and April 2022, and the hotel building was used as a quarantine hotel during that period. In view of the current negative sentiments in the real estate sector in the PRC, there has also been a slowdown in the progress of finalising the development implementation and business plans for our Project Phoenix, and we are currently reviewing our business strategy for this project.

# Corporate Profile

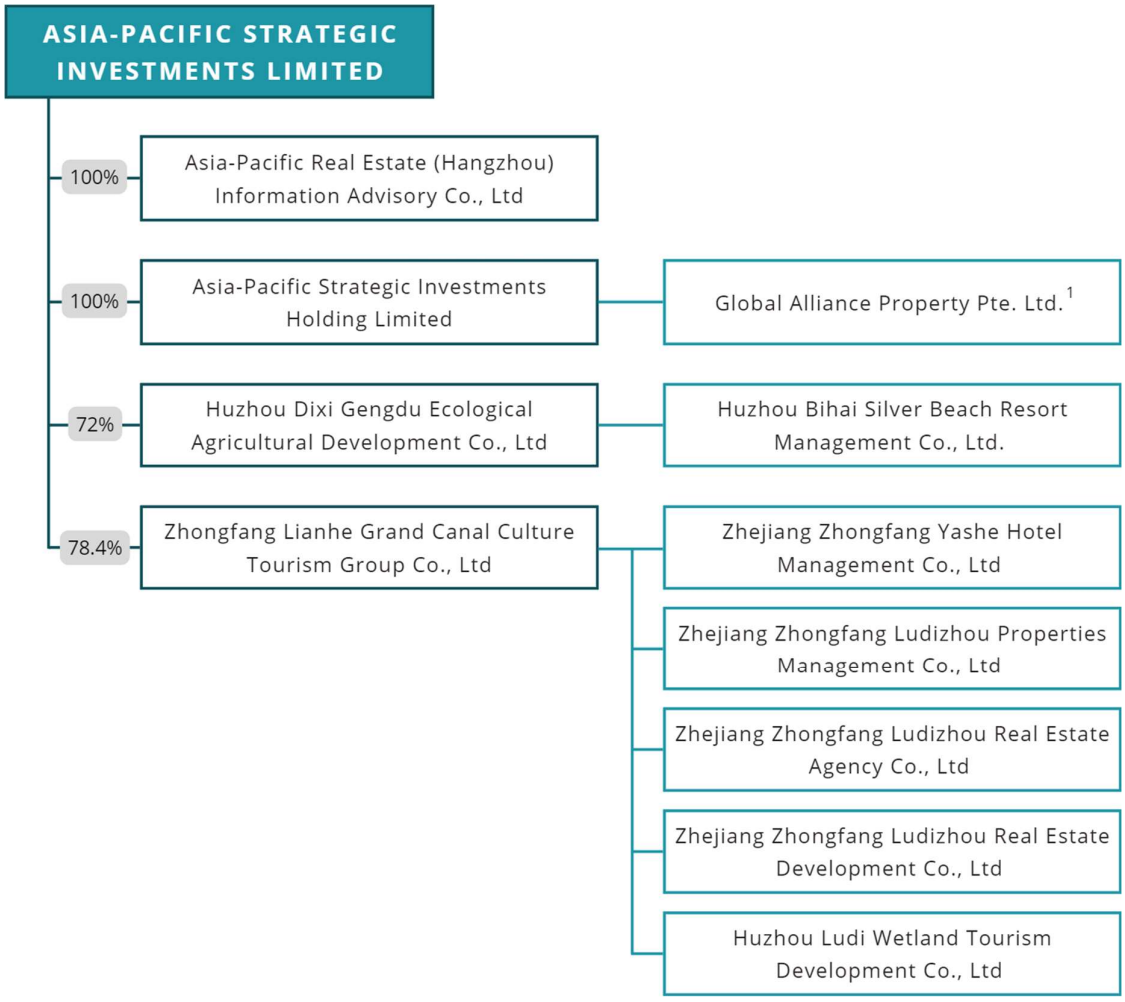
## Group Structure

APS was incorporated as a public company limited by shares in Singapore on 6 July 2006 and has been listed on the Catalist Board of SGX-ST since 31 August 2007.

Our principal place of operation is at 1 Scotts Road, #20-07 Shaw Centre, Singapore 228208 and our registered office is at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896.

While we operate as an investment holding company, our subsidiaries are principally involved in the business of real estate development and the provision of hotel management and hospitality services.

Our Corporate Structure, as of 30 June 2022, is as follows:




[1] This entity has completed the striking off application on 7 October 2022.

# Corporate Profile

## Our Supply Chain

Sustainable procurement practices are key to mitigating supplier risk, maintaining our competitive advantage, allowing timely completion of construction projects and ensuring the quality of services we provide to our hotel guests.

Amidst continued supply chain disruptions exacerbated by the COVID-19 pandemic, we recognise that building and maintaining healthy, positive relationships with our suppliers and contractors are paramount to the long-term success of the Group. This helps to ensure an undisrupted flow of essential supplies for our business operations, without compromising the quality of goods and services procured.

The Group upholds our strict quality standards by exercising great prudence in identifying and selecting suppliers, contractors, and consultants to work with. This is key in developing a sustainable supply chain.

| Our Focus Areas for Sustainable Procurement | |
|---|---|
| Sustainable Sources | Maintaining an exclusive vendors list and sourcing for new vendors on an ongoing basis |
| Environmental Impact | Minimising the environmental impact of the goods and services used in our business operations |
| Supply Chain Assurance | Conducting regular assessments of our vendors' ESG performance |

In sourcing for new vendors to work with, our key considerations include not only the quality, cost of the products and services provided but also the adequacy of the environmental, health, and safety compliance management systems that they have put in place.

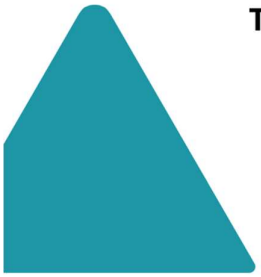
Our contractors, consultants, and suppliers will also be evaluated on a periodic basis to ensure that the products and services they are providing consistently meet the requirements of our hotel business and real estate development projects.

# Our Sustainability Approach

## Sustainability Governance

At APS, we take a holistic approach in managing our sustainability-related risks and opportunities. This provides a firm foundation for building financial integrity, organisational credibility, and investor confidence, all of which are key to the long-term success of the Group.

Our sustainability governance is helmed by the Board of Directors, who plays a vital role in integrating sustainability into our business strategy and upholding high standards of corporate governance across the Group. The Board is further supported by the Board Committees (comprising the Audit Committee, Nominating Committee, and Remuneration Committee) as well as the employees of APS in operationalising our sustainability goals.



**The Board**

- Provides strategic direction for the Group, with due consideration given to sustainability matters
- Maintains oversight over the identification, management and monitoring of material ESG factors



**Board Committees**

- Assists the Board in fulfilling its responsibilities and in developing the Group's sustainability initiatives



**Business Units**

- Implements sustainability-related initiatives, cascaded down from the Board Committees, across the Group

# Our Sustainability Approach

## Stakeholder Engagement

APS regularly communicates and engages our stakeholders on economic, environmental, social and governance topics. In this way, we are better able to anticipate the sustainability-related risks and opportunities that may arise over the course of our business activities, and to proactively address our stakeholders' key concerns and priorities in our strategy planning and decision-making processes.

The table below provides an overview of the engagement activities we have undertaken to better understand the main expectations our stakeholders have of the Group.

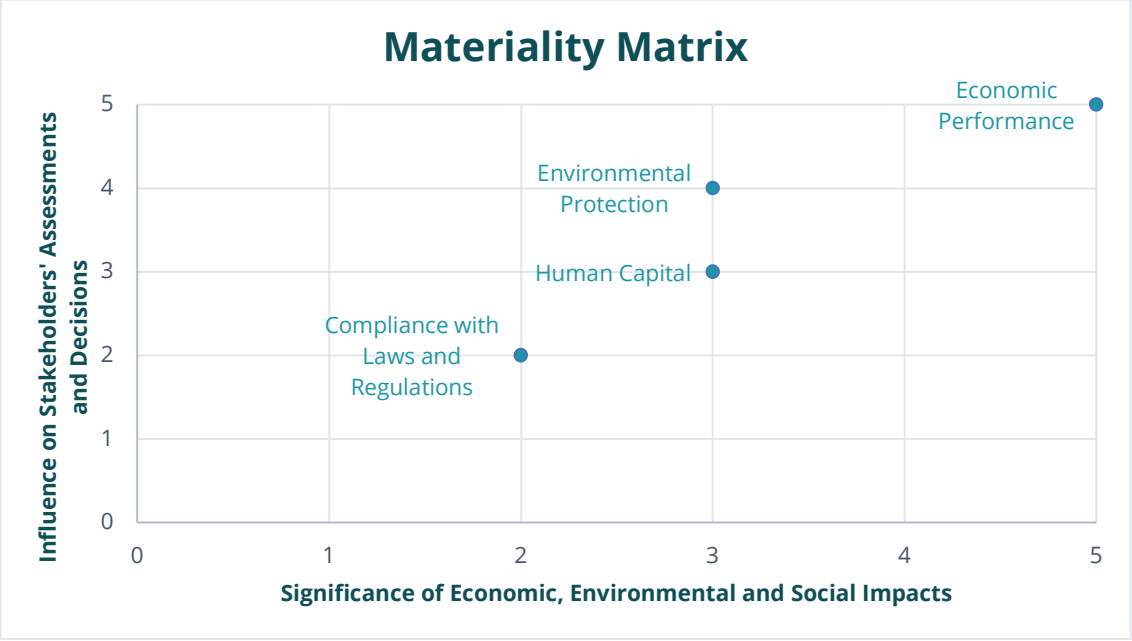
| Stakeholder Group | Engagement Activities | Frequency | Stakeholders' Expectations |
|---|---|---|---|
| Customers | • Marketing brochures<br>• Online enquiry and feedback channel<br>• Customer service hotlines | Ad-hoc | • High-quality services and after-sales support<br>• Adherence with COVID-19 precautionary measures |
| Employees | • Staff communication channel<br>• Internal newsletter<br>• Annual town hall | Ad-hoc | • Competitive remuneration packages<br>• Staff welfare<br>• Flexible working arrangements |
| Investors | • Annual meetings<br>• Periodic media releases and shareholder circulars<br>• Periodic SGX announcements | Annually/ Ad-hoc | • Business profitability and sustainability<br>• Transparent and timely reporting |
| Suppliers & Business Partners | • Supplier assessment and feedback<br>• Discussions and meetings | Ad-hoc | • Partnership for opportunities and growth<br>• Competitive pricing of high-quality goods and services |
| Government & Regulators | • Discussions with government agencies and departments | Ad-hoc | • Compliance with applicable rules and regulations<br>• Timely reporting and resolution of issues<br>• Compliance with COVID-19 safety measures |

# Our Sustainability Approach

## Materiality Assessment

To adequately address the sustainability concerns of our stakeholders, it is important that we conduct a thorough materiality assessment to help us identify and prioritise the ESG issues that are most critical to APS.

During our last materiality assessment (FY2018), the Board identified a total of four (4) ESG topics as being most material to our business and stakeholders, as highlighted in the following figure:




Taking into consideration shifting stakeholders' priorities and the latest industry trends, the Board also re-assesses the continued relevance of the identified material ESG topics on an annual basis. In FY2022, we reviewed our existing ESG topics and determined that they remain material to APS and our stakeholders. As such, we have decided to retain the same four material topics for disclosure in this year's sustainability report.

# Our Sustainability Approach

## Materiality Assessment (cont'd)

The following table summarises the significance of each material ESG topic to our stakeholders, and the targets we have set for the forthcoming year.

| Material Topics | Significance of Topic | Our Targets |
|---|---|---|
| Environmental Protection | Climate change is a growing concern for stakeholders, and the role of businesses in protecting the environment cannot be overstated. | To maintain APS' total water and energy efficiency every year |
| Human Capital | We are focused on attracting and retaining the right talent by implementing fair employment practices across the Group. | To enhance employee loyalty and boost employee retention rates |
| Compliance with applicable Laws and Regulations | Conducting our business with integrity is imperative to building and maintaining the trust that our key stakeholders have placed in us. | To have zero incidents of non-compliance with all applicable laws and regulations |
| Economic Performance | Inclusive financial growth, not least by generating and distributing economic value to all our stakeholders, is a top priority for the Group. | To ramp up our project pipeline and achieve revenue growth in the short- to medium-term |



# Material Topics

## Environmental Protection

In recognition of the growing urgency of the climate crisis, we are committed to conduct our business in a way that protects the environment. To reduce our ecological footprint, it is critical that we ensure the efficient use of energy and water within our hotel premises as well as the responsible management of waste materials generated over the course of our construction activities.

**Green Development**

Together, the building and construction sector represent approximately 37% of global carbon operational energy and process-related CO2 emissions, with operational emissions from energy use amounting to approximately 27% and the remaining 8 – 10% from materials and building construction[2]. The built environment sector thus has a vital role to play in addressing its carbon footprint.

At APS, we apply the concept of green development in our real estate development projects, by focusing on the following three aspects: environmental responsiveness, resource efficiency, and cultural sensitivity. Our development plan for Project Phoenix is centred around our goals of protecting local biodiversity and ecosystems, conserving and restoring natural resources, improving the quality of social life, and enhancing APS' asset value and profits.

While we have not yet started construction work for Project Phoenix, we have established policies and procedures in place to minimise the impact of our construction work on local communities, as follows:

| Noise Management | Dust Management | Sewage Management | Solid Waste Management |
|---|---|---|---|
| We set our construction timetables according to the permissible noise limits at different stage of construction, to minimise the harmful effects of noise pollution on local communities and residents. | We strictly prohibit workers from burning substances that may release toxic chemicals or harmful gases into the environment.<br><br>Trucks leaving the construction site are required to be sprinkled to lay the dust. | Installation of drainage and sewage treatment facilities are to be completed prior to the commencement of construction work, to ensure that there are no blockages in the drainage system or accumulated or stagnant water on site. | The site supervisor is responsible for ensuring compliance with local government regulations pertaining to the disposal of construction and domestic waste. |

[2] United Nations Environment Programme (2022). 2022 Global Status Report for Buildings and Construction: Towards a Zero-emission, Efficient and Resilient Buildings and Construction Sector. Nairobi.

# Material Topics

## Environmental Protection (cont'd)

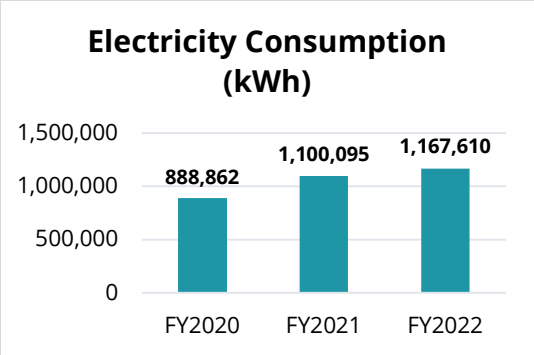
**Energy Management**

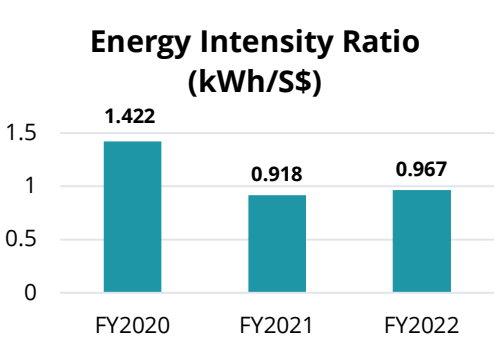
We actively seek to reduce the amount of energy consumed in our hotel operations by investing in energy-efficient technology and promoting energy-saving behaviour, in an effort to minimise our carbon footprint.

We have installed a ground source heat pump at the Landison Hotel to transfer heat to or from the ground, making use of seasonal fluctuations in temperature. The adoption of this energy-efficient technology has allowed us to reduce the amount of electricity needed to heat or cool the building, bringing about significant cost-savings for the Group.

The exterior walls of our buildings are constructed with aerated concrete block and thermal insulation mortar, and the doors and windows are made of 5 + 8 + 5 hollow glass with a thermal insulation alloy profile. This protects the building from the effects of thermal cycling, significantly reducing our electricity consumption.

As an additional energy-saving measure, Landison Hotel uses energy-efficient LED lights throughout its facilities. Our staff have been trained to monitor and turn off the lights when not in use, and air-conditioning units in areas with very low occupancy will also be shut down.




In FY2022, our total electricity consumption increased by 6% from the previous year, due to higher room occupancy rates at the hotel.[3] Meanwhile, our energy intensity ratio, computed with the Group's revenue as the denominator, has remained largely constant, demonstrating the overall efficiency of our energy usage. The Group will continue to do our part in managing our energy consumption, and we aim to maintain our energy intensity ratio in the next financial year.

[3] FY2021 electricity consumption figures have been restated from '716,205 kWh' to '1,100,095 kWh', following data compilation errors made in the previous year. Processes have been put in place to prevent the reoccurrence of such wrong compilation.

# Material Topics

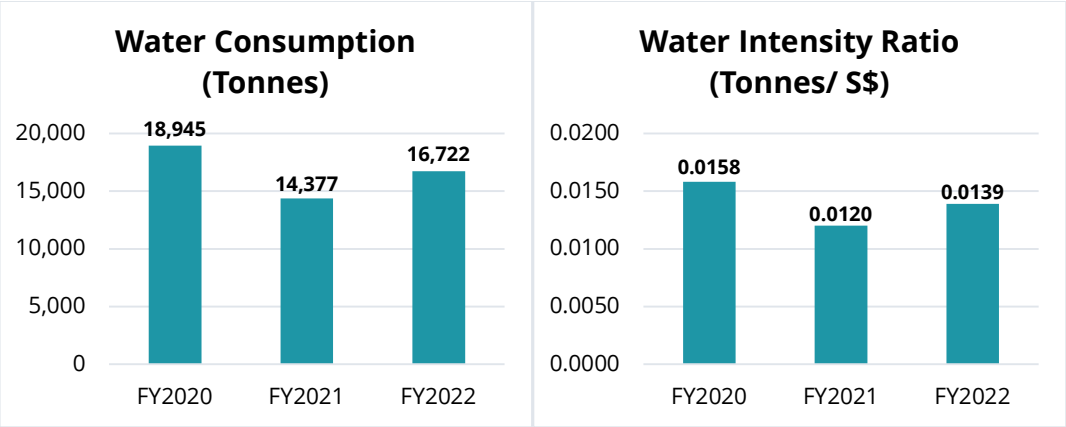
## Environmental Protection (cont'd)

**Water Management**

Water scarcity is one of the most significant threats to China's sustainable development. Most of our operations are in Zhejiang province, a region facing high levels of water stress, where over 40% of usable water is being consumed in a year, on average. To lower our operating expenses and maintain our license to operate, it is imperative that we actively manage our water use to consume water as efficiently as possible.

As a real estate developer, we work closely with our contractors to reduce the amount of water consumed in our construction activities, and to ensure the quality of wastewater discharged into watercourses and the sewer system. While the Group was not involved in any new development projects in FY2022, we are eager to explore the implementation of greywater recycling systems and other water-saving technologies in future projects.

On top of reusing rainfall water for irrigation at the Landison Hotel, the Group seeks to reduce water wastage by closely monitoring our daily water consumption. This helps us promptly detect water leakages in the system for immediate remedial action.




Over the reporting period, the Group's total water consumption increased by 16.3% as compared to the previous year, due to higher room occupancy rates at the hotel. Our water intensity ratio, computed with the Group's revenue as the denominator, has also increased by 15.8%. Our aim is to maintain APS' overall water intensity ratio in the coming year.

# Material Topics

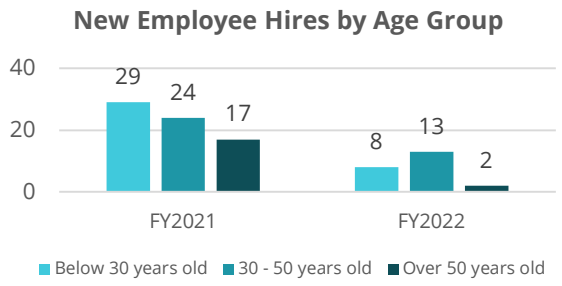
## Human Capital

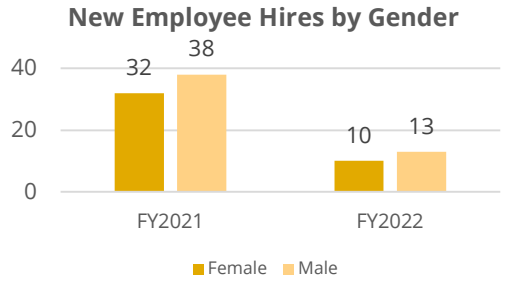
Our employees are the driving force of APS' growth. Attracting, developing, and retaining the right talent is critical for us to maintain our competitive edge within the global marketplace. Our employees play a significant role in contributing to the brand presence of our Company and in maintaining authentic, long-term connections with our customers and suppliers.

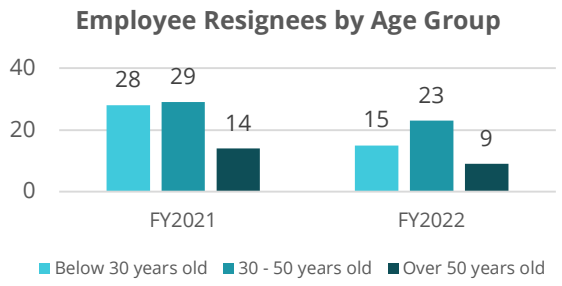
As an organisation, we have zero tolerance for any form of discrimination or harassment in our workplace. We are committed to providing equal opportunities for all, regardless of their age, race, gender, or marital status, and we strive to achieve gender equality at all levels of the organisation.

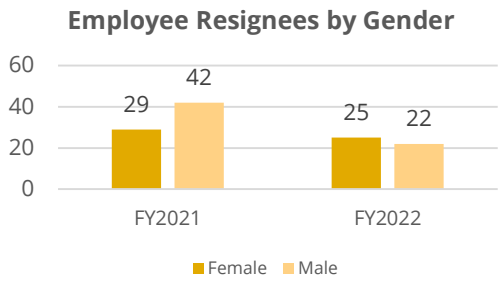
We are pleased to share that there has been a significant decrease in our overall employee turnover rate, from 76% in FY2021 to 58% in FY2022. In the same period, the rate of new employee hires also decreased from 75% to 28%. In part, this can be attributed to our recent efforts to boost employee morale and improve staff retention rates. Over the past year, we conducted a manpower rationalisation exercise and revised our employees' remuneration packages and employment contracts such that their salaries and working hours were increased. This has allowed us to streamline our workforce and achieve greater backend operational efficiency.

The following figure shows the Group's new hires and resignees by gender and age group.



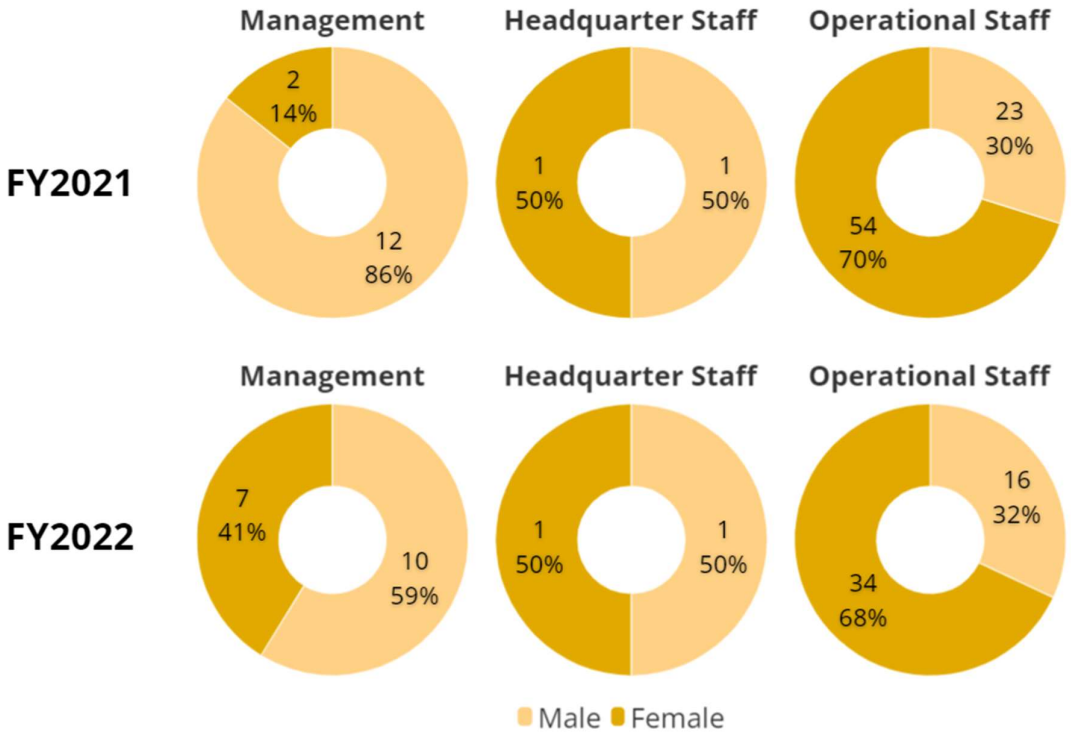



# Material Topics

## Human Capital (cont'd)

As part of our efforts to build an inclusive workplace, our employment practices are fair, merit-based, and non-discriminatory. We recruit and select employees based on their skills, experience, and ability to perform the job. Subsequently, in determining employees' remuneration and benefits packages or assessing their suitability for promotion, we assess their work performance objectively during an annual performance appraisal.

As of 30 June 2022, APS employed a total of 69 employees (FY2021: 93), of which 39% were male and 61% female. A breakdown of our employees, by gender, per employee category is as follows:




In line with the local employment legislation, all full-time employees are entitled to personal accident insurance, medical insurance, and parental leave. In FY2022, 2 female staff utilised the maternity leave they were eligible for, before returning to work during the reporting period. In addition, the two employees who took maternity leave in FY2021 are still employed by the Group in FY2022.

To keep our employees motivated at work, we endeavour to provide them with continual opportunities for development. Across the reporting period, we conducted 208 hours (FY2021: 192 hours) of in-house training, inclusive of orientation for new-joiners and on-the-job training for various aspects of hotel operations.

# Material Topics

## Compliance with Laws and Regulations

Ethical and transparent business conduct is key to building trust with our stakeholders and maintaining a strong corporate reputation, thereby enabling the long-term success of the Group.

APS is fully committed to operating in accordance with established tenets of good governance, as outlined in the Singapore Code of Corporate Governance 2018. We have zero tolerance for all forms of bribery and corruption, and our robust corporate governance practices are designed to ensure strict compliance with all applicable laws and regulations in the jurisdictions where we operate.

In FY2022, the Group has adopted a whistle-blowing policy to facilitate the reporting of matters pertaining to fraud, corruption, possible improprieties in financial reporting, breach of law, non-compliance with the Group's code of conduct and business practices, and any wrongful acts by the Group and/or any employees of the Group. Staff of the Group and other persons making such reports in good faith will be treated fairly, including ensuring their identities are kept confidential, and, to the extent possible, protected from reprisal and detrimental or unfair treatment. All reported whistle-blowing incidents or concerns will be independently investigated by the Audit Committee (which is responsible for oversight and monitoring of whistleblowing) and appropriate remedial action(s) will be taken.

We are pleased to share that there were no reported cases of fraud, corruption, or unethical behaviour at APS in FY2022. Likewise, there were no whistle-blowing reports or cases filed against APS or our people alleging non-compliance with socioeconomic and environmental laws and regulations.

Moving forward, we aim to maintain this record by continually enhancing our internal controls and risk management processes, while closely monitoring our compliance with all applicable local laws and regulations.



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